

SCOTT COUNTY HOSPITAL, INC.

FINANCIAL STATEMENTS

and

ADDITIONAL INFORMATION

with

INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2014 AND 2013

George, Bowerman & Noel, P.A.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Scott County Hospital, Inc.
Scott City, Kansas

Report on the Financial Statements

We have audited the accompanying balance sheets of Scott County Hospital, Inc. (the Hospital), a component unit of Scott County, Kansas as of June 30, 2014 and 2013, and the related statements of revenues, expenses, and changes in net position and statements of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the provisions of the Kansas Municipal Audit and Accounting Guide. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scott County Hospital, Inc. as of June 30, 2014 and 2013, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Additional Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial

statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were made for the purpose of forming opinions on the basic financial statements taken as a whole. The additional information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

George. Bauerman & Naal, P.A.

Wichita, Kansas
January 23, 2015

SCOTT COUNTY HOSPITAL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Scott County Hospital, Inc.'s (Hospital) management discussion and analysis presents an overview of the Hospital's financial activities for the fiscal years ended June 30, 2014 and 2013. Please read it in conjunction with the Hospital's financial statements, which begin on page 8.

Financial Highlights

- Current assets increased by \$215,733 or 2% in 2014 and by \$2,229,717 or 33% in 2013.
- The Hospital's net position decreased by \$1,515,105 or 5% in 2014 and increased by \$902,985 or 3% in 2013.
- The Hospital's net patient service revenue increased by \$1,083,445 or 7% in 2014 and by \$2,242,283 or 17% in 2013.
- Contractual allowances and bad debts reduced gross patient service revenue by \$7,316,900 or 31% of gross patient service revenue in 2014 and by \$7,032,447 or 31% of gross patient service revenue in 2013.
- The Hospital reported an operating loss of \$1,965,894 and \$1,044,143 in 2014 and 2013, respectively.

Financial Statements

The Hospital's financial statements are prepared using proprietary fund accounting that focuses on the determination of net position, changes in net position, and cash flows in a manner similar to private-sector businesses. The basic financial statements include a *balance sheet*, *statement of revenue, expenses and changes in net position*, and *statement of cash flows*, followed by notes to the financial statements and schedules of certain additional information. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The *balance sheet* presents information on the Hospital's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may indicate whether the financial position of the Hospital is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents both the operating revenues and expenses and nonoperating revenues and expenses along with other changes in net position for the year. This statement is an indication of the success of the Hospital's operations over the past year.

The *statement of cash flows* presents the change in cash and cash equivalents for the year resulting from operating activities, noncapital financing activities, capital and related financing activities and investing activities. The primary purpose of this statement is to provide information about the Hospital's cash receipts and cash payments during the year.

Net Position

The Hospital's net position is the difference between its assets and deferred outflows of resources and its liabilities and deferred inflows of resources reported in the Balance Sheets on pages 8 and 9.

	June 30,		
	2014	2013	2012
Assets:			
Current assets	\$ 9,189,440	\$ 8,973,707	\$ 6,743,990
Capital assets, net	23,071,848	24,384,872	25,522,676
Other noncurrent assets	143,946	137,518	136,776
Total assets	<u>\$ 32,405,234</u>	<u>\$ 33,496,097</u>	<u>\$ 32,403,442</u>
Liabilities:			
Long-term liabilities	\$ —	\$ —	\$ —
Other liabilities	1,989,556	1,565,314	1,375,644
Total liabilities	<u>\$ 1,989,556</u>	<u>\$ 1,565,314</u>	<u>\$ 1,375,644</u>
Net position:			
Net investment in capital assets	\$ 23,071,848	\$ 24,384,872	\$ 25,522,676
Restricted	16,854	29,699	41,574
Unrestricted	7,326,976	7,516,212	5,463,548
Total net position	<u>\$ 30,415,678</u>	<u>\$ 31,930,783</u>	<u>\$ 31,027,798</u>

Recent Financial Performance

The schedule below is a summary of the Hospital's revenues, expenses and changes in net position for the past three years.

	Year ended June 30,		
	2014	2013	2012
Operating revenue	\$ 16,678,062	\$ 15,563,526	\$ 13,339,673
Operating expenses:			
Salaries	9,466,810	8,218,510	7,104,614
Employee benefits	2,181,028	1,945,449	1,608,208
Supplies and other	5,086,964	4,550,303	4,143,670
Depreciation and amortization	1,909,154	1,893,407	742,653
Total operating expenses	<u>18,643,956</u>	<u>16,607,669</u>	<u>13,599,145</u>
Operating loss	<u>(1,965,894)</u>	<u>(1,044,143)</u>	<u>(259,472)</u>

	Year ended June 30, (continued)		
	2014	2013	2012
Nonoperating revenues (expenses):			
Taxes	371,177	350,970	489,408
Investment income	35,518	36,183	30,066
Interest expense	—	—	(16,027)
Grants and contributions – Noncapital	44,611	68,106	95,071
Gain (loss) on sale of capital assets	(517)	39,308	(619,325)
Total nonoperating revenues	450,789	494,567	(20,807)
Excess of revenues over (under) expenses before capital grants and contributions	(1,515,105)	(549,576)	(280,279)
Transfers from Scott County for capital assets	—	1,452,561	13,788,058
Increase (decrease) in net position	\$ (1,515,105)	\$ 902,985	\$ 13,507,779
Net position at end of year	\$ 30,415,678	\$ 31,930,783	\$ 31,027,798

Operating Income (Loss)

The first component of the overall change in the Hospital's net position is its operating income (loss)—generally, the difference between net patient service revenue and the expenses incurred to perform those services. The Hospital reported an operating loss of \$1,965,894 and \$1,044,143 in 2014 and 2013, respectively.

The primary components of the operating loss in 2014 are:

- An increase in net patient service revenue of \$1,083,445 or 7%. The increase is primarily related to increases in service levels for imaging, therapy, and laboratory services as well as the addition of a sleep study department.
- Salaries and benefit expenses increased by \$1,248,300 and \$235,579 or 15% and 12%, respectively. These increases are due primarily to the addition of new employees to provide for the increased service levels.

The primary components of the operating loss in 2013 are:

- An increase in net patient service revenue of \$2,242,283 or 17%. The increase is primarily related to increase in service levels in the swing bed department and a majority of ancillary service departments.
- Salaries and benefit expenses increased by \$1,113,896 and \$337,241 or 16% and 20%, respectively. These increases are due primarily to the addition of new employees added to the staff after moving into the new hospital facility.
- Depreciation expense increased \$1,150,754 or 155% due to the new hospital facility being in operation for the entire fiscal year as compared to the prior year in which the new facility was only in operation for approximately three months in the fiscal year.

The rate of healthcare inflation has a direct effect on the cost of services provided by the Hospital. A component of the Hospital's costs are expenses for medical supplies and prescription drugs. Some of the major factors contributing to the increased medical supply and drug costs include the introduction of new drugs that cannot be obtained in generic form, and changes in therapeutic mix.

Nonoperating Revenues and Expenses

Overall, nonoperating revenue and expenses remained steady from 2013 to 2014. The primary components of nonoperating revenues and expenses in 2014 and 2013 are tax revenues, investment income, and grants and contributions.

The Hospital's Cash Flows

Changes in the Hospital's cash flows are consistent with changes in operating income and losses and nonoperating revenues and expenses, discussed earlier.

Capital Assets

The Hospital had \$23,071,848 and \$24,384,872 invested in capital assets, net of accumulated depreciation at June 30, 2014 and 2013, respectively, as detailed in Note 7 to the financial statements. The Hospital had expenditures for capital assets of \$596,647 and \$755,603 in 2014 and 2013, respectively.

Other Economic Factors

Management expects the current economic conditions to continue over the next year.

Issues Facing the Hospital

There are issues facing the Hospital that could result in material changes in its financial position in the long term. Among these issues are:

- Risks related to Medicare and Medicaid reimbursement. A significant portion of the Hospital's revenues are derived from the Medicare program, which provides certain healthcare benefits to beneficiaries who are over 65 years of age or disabled, and the Medicaid program, funded jointly by the federal government and the states, which provides medical assistance to certain needy individuals and families. The funding of these programs by the federal and state governments face increasing pressure due to the significant increases in the costs of providing healthcare services in recent years.
- Healthcare reform. In 2010, the federal government enacted sweeping new legislation that is significantly impacting virtually all aspects of the healthcare delivery and insurance systems in the nation. Portions of the legislation have been implemented in the last few years and much more will be implemented over the next several years. However, much of the detailed implementing regulations have not yet been issued and accordingly, any specific effects on operations of the Hospital are currently undeterminable. Management continues to closely monitor the progression of the implementation of the legislation.
- Employment and labor issues. The Hospital is a major employer within the community, employing a complex mix of professional, technical, clerical, maintenance, dietary, and other workers. Risks include personal tort actions, work-related injuries and exposure to hazardous materials. A relative shortage of nursing and other medical professional/technical employees within the state, is an issue that is causing salary and benefits costs to increase at significant rates.
- Technology and services. Scientific and technological advances, new procedures, drugs and appliances, preventive medicine, and outpatient healthcare delivery may reduce utilization and revenues for the Hospital in the future. Technological advances continue to accelerate the need to acquire sophisticated and expensive equipment and services for diagnosis and treatment of illnesses and diseases.

- Increasing numbers of uninsured and underinsured patients. Due to the significant increases and high cost of healthcare insurance premiums in recent years, increasing numbers of patients of the Hospital are finding it more and more difficult to obtain or maintain adequate health insurance coverage. This trend could increase the levels of uncompensated care provided by the Hospital.

Contacting The Hospital's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Hospital Administration Department, at Scott County Hospital, Inc., 301 Albert Avenue, Scott City, Kansas 67871.

SCOTT COUNTY HOSPITAL, INC.

BALANCE SHEETS

ASSETS

	June 30,	
	2014	2013
Current assets:		
Cash (Notes 1 and 3)	\$ 3,724,549	\$ 4,785,394
Assets limited as to use (Note 3)	16,854	29,699
Accounts receivable, net of allowance for doubtful accounts of \$868,572 in 2014 and \$693,815 in 2013 (Notes 1 and 4)	3,832,627	2,553,820
Employee receivable	78,753	115,327
Estimated third-party payor settlements (Note 2)	938,400	843,196
Inventories (Note 1)	493,317	486,014
Prepaid expenses and other	104,940	160,257
Total current assets	9,189,440	8,973,707
Other assets:		
Employee receivable	143,946	137,518
Property and equipment, at cost (Notes 1, 7 and 10):		
Land	195,000	195,000
Land improvements	336,475	336,475
Buildings	11,302,070	11,275,756
Fixed equipment	11,402,492	11,402,492
Movable equipment	5,840,283	5,604,616
Construction in progress	621,546	332,240
Total property and equipment	29,697,866	29,146,579
Less accumulated depreciation	6,626,018	4,761,707
Property and equipment, net of accumulated depreciation	23,071,848	24,384,872
Total assets	\$ 32,405,234	\$ 33,496,097

The accompanying notes are an integral
part of the financial statements.

LIABILITIES AND NET POSITION

	June 30,	
	2014	2013
Current liabilities:		
Accounts payable	\$ 899,133	\$ 646,204
Salaries payable	552,110	449,924
Compensated absences payable (Note 1)	312,920	288,891
Payroll taxes payable	<u>225,393</u>	<u>180,295</u>
Total current liabilities	<u>1,989,556</u>	<u>1,565,314</u>
 Total long-term liabilities	 <u>—</u>	 <u>—</u>
Total liabilities	<u>1,989,556</u>	<u>1,565,314</u>
 Net position (Notes 1 and 3):		
Net investment in capital assets	23,071,848	24,384,872
Restricted for specific operating activities	16,854	29,699
Unrestricted	<u>7,326,976</u>	<u>7,516,212</u>
Total net position	<u>30,415,678</u>	<u>31,930,783</u>
Total liabilities and net position	<u>\$ 32,405,234</u>	<u>\$ 33,496,097</u>

SCOTT COUNTY HOSPITAL, INC.

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

	Year ended June 30,	
	2014	2013
Operating revenues:		
Net patient service revenue (Note 1)	\$ 16,416,569	\$ 15,333,124
Outside services	102,890	86,430
Other	158,603	143,972
Total operating revenue	16,678,062	15,563,526
Operating expenses:		
Salaries	9,466,810	8,218,510
Employee benefits	2,181,028	1,945,449
Supplies and other	5,086,964	4,550,303
Depreciation and amortization (Note 1)	1,909,154	1,893,407
Total operating expenses	18,643,956	16,607,669
Operating loss	(1,965,894)	(1,044,143)
Nonoperating revenues (expenses):		
Tax revenues	371,177	350,970
Investment income	35,518	36,183
Noncapital grants and contributions	44,611	68,106
Gain (loss) on disposal of capital assets	(517)	39,308
Total nonoperating revenues	450,789	494,567
Excess of revenues over (under) expenses before transfers from County	(1,515,105)	(549,576)
Transfers from Scott County for capital assets (Note 10)	—	1,452,561
Increase (decrease) in net position	(1,515,105)	902,985
Net position at beginning of year	31,930,783	31,027,798
Net position at end of year	\$ 30,415,678	\$ 31,930,783

The accompanying notes are an integral part of the financial statements.

SCOTT COUNTY HOSPITAL, INC.

STATEMENTS OF CASH FLOWS

	Year ended June 30,	
	2014	2013
Cash flows from operating activities:		
Receipts from and on behalf of patients	\$ 15,042,558	\$ 15,097,310
Payments to suppliers and contractors	(4,786,021)	(4,440,333)
Payments to employees	(9,340,595)	(8,222,110)
Payments for employee benefits	(2,135,930)	(1,945,431)
Other receipts and payments, net	<u>261,493</u>	<u>230,402</u>
Net cash flows from operating activities	<u>(958,495)</u>	<u>719,838</u>
Cash flows from noncapital financing activities:		
Property taxes for operations	371,177	350,970
Grants and contributions	<u>44,611</u>	<u>68,106</u>
Net cash flows from noncapital financing activities	<u>415,788</u>	<u>419,076</u>
Cash flows from capital and related financing activities:		
Purchases of property and equipment	(596,647)	(755,603)
Grants and contributions for capital assets	–	1,452,561
Proceeds from sale of assets	<u>–</u>	<u>39,308</u>
Net cash flows from capital and related financing activities	<u>(596,647)</u>	<u>736,266</u>
Cash flows from investing activities:		
Net change in employee receivable	30,146	(100,727)
Investment income	<u>35,518</u>	<u>36,183</u>
Net cash flows from investing activities	<u>65,664</u>	<u>(64,544)</u>
Increase (decrease) in cash and cash equivalents	(1,073,690)	1,810,636
Cash and cash equivalents at beginning of year	<u>4,815,093</u>	<u>3,004,457</u>
Cash and cash equivalents at end of year	<u>\$ 3,741,403</u>	<u>\$ 4,815,093</u>
Reconciliation of cash and cash equivalents to balance sheets:		
Cash and cash equivalents in current assets	\$ 3,724,549	\$ 4,785,394
Cash and cash equivalents in assets limited as to use	<u>16,854</u>	<u>29,699</u>
Total cash and cash equivalents	<u>\$ 3,741,403</u>	<u>\$ 4,815,093</u>

The accompanying notes are an integral part of the financial statements.

SCOTT COUNTY HOSPITAL, INC.

STATEMENTS OF CASH FLOWS - continued

	<u>Year ended June 30,</u>	
	<u>2014</u>	<u>2013</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	\$ (1,965,894)	\$ (1,044,143)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization	1,909,154	1,893,407
Bad debt expense	744,574	618,309
Net (increases) decreases in current assets:		
Accounts receivable	(2,023,381)	(393,918)
Inventories	(7,303)	(48,851)
Estimated third-party payor settlements	(95,204)	(460,205)
Other	55,317	(34,431)
Net increases (decreases) in current liabilities:		
Accounts payable	252,929	193,252
Salaries and wages payable	102,186	1,228
Compensated absences payable	24,029	(4,828)
Payroll taxes payable	<u>45,098</u>	<u>18</u>
Net cash from operating activities	<u>\$ (958,495)</u>	<u>\$ 719,838</u>

SCOTT COUNTY HOSPITAL, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Hospital's financial statements. The financial statements and notes are representations of the Hospital's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Organization and business activity

The Hospital is exempt from Federal income taxes under Section 501(c)(3) and is owned by Scott County, Kansas. The Hospital provides acute care, swing-bed, home health, rural health clinic, and outpatient services. The Board of County Commissioners appoints the members of the Board of Directors and a financial benefit or burden exists with Scott County. For these reasons, the Hospital is considered to be a component unit of Scott County, Kansas.

Enterprise fund accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

The Hospital prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operating revenues and expenses

The Hospital's statement of revenues, expenses, and changes in net assets distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Hospital's principal activity. Non-exchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisitions, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Cash and cash equivalents

For purposes of the statement of cash flows, the Hospital considers all highly liquid debt instruments with an original maturity of three months or less to be cash and cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Patient accounts receivable

The Hospital reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Hospital provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information, payer mix trends, and existing economic conditions. As a service to patients, the Hospital bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are generally due in full when billed. If the patient is unable to pay the full amount at the time the patient is billed, the Hospital negotiates a payment plan whereby monthly payments are made by the patient on the account. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account. If future actual default rates on accounts receivable differ from those currently anticipated, the Hospital may have to adjust its allowance for doubtful accounts, which would affect earnings in the period the adjustments are made.

Inventories

Inventories are stated at cost as determined by the first-in, first-out method.

Capital assets

The Hospital's capital assets that are \$5,000 or greater, are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. All capital assets other than land are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using the following estimated useful lives:

	<u>Estimated useful lives</u>
Land improvements	10 - 28 years
Buildings	15 - 50 years
Fixed equipment.....	10 - 30 years
Movable equipment	5 - 21 years

The costs of maintenance and repairs are charged to operating expenses as incurred. The costs of significant additions, renewals and betterments to depreciable properties are capitalized and depreciated over the remaining or extended estimated useful lives of the item or the properties. When depreciable property is retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reflected as non-operating revenue (expense).

Net patient service revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, per diem payments, and discounted charges. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity care

The Hospital provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy based on current poverty level guidelines. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue. The Hospital provided \$84,565 and \$44,017 of charity care for the years ended June 30, 2014 and 2013, respectively estimated by multiplying the Hospital's cost to charge ratio by the gross uncompensated care charges associated with providing care to charity patients.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated absences

Employees of the Hospital are entitled to paid time off depending on length of service and whether they are full or part time. Upon resignation, termination or retirement from service with the Hospital, employees are entitled to payment for all accrued paid time off, up to the allowable maximum. The Hospital accrues the paid time off benefits as earned.

Grants and contributions

From time to time, the Hospital receives grants and contributions from government agencies, private organizations, and individuals. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenue. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses. When the Hospital has both restricted and unrestricted resources available to finance a particular program, it is the Hospital's policy to use restricted resources before unrestricted resources.

Net position

Net position of the Hospital is classified into three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted for specific operating activities* are non-capital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Hospital. *Unrestricted net position* are remaining assets less remaining liabilities and less deferred inflows of resources that do not meet the definition of *net investment in capital assets*.

Deferred inflows of resources/Deferred outflows of resources

Effective, July 1, 2012, the Hospital implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65, *Items Previously Reported As Assets and Liabilities*. GASB Statement No. 63 provides guidance for reporting deferred inflows and deferred outflows of resources and GASB Statement No. 65 provides additional guidance on reclassifying, as deferred inflows of resources and deferred outflows of resources, certain items that were previously reported as assets and liabilities. Additionally, the term "net assets" was replaced with the term "net position".

A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. There were no items that met the definition of a deferred outflow or a deferred inflow of resources.

Risk management

The Hospital is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and employee health benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial insurance coverage in any of the three preceding years.

The Hospital pays fixed premiums for annual medical malpractice coverage under an occurrence-basis policy. The Hospital accrues the expenses of its share of malpractice claim costs, if any, of reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate cost of any incident. Based on the Hospital's own claims experience, no accrual, for medical malpractice costs has been made in the accompanying financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Hospital has implemented a partially self-funded insurance plan to administer its employee health insurance benefits. Liabilities under this plan are estimated based on settled claims, frequency of claims and other economic factors. Claims incurred, but not reported, are recorded as a portion of the estimated liability.

Reclassifications

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 presentation. The reclassifications had no effect on the change in net position.

Subsequent events

Subsequent events have been evaluated through January 23, 2015, which is the date the financial statements were available to be issued.

2. ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. These payment arrangements include:

- **Medicare** – Inpatient and outpatient services are paid based on cost reimbursement methodologies. The Hospital is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and reviews thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital's Medicare cost reports have been reviewed by the Medicare fiscal intermediary through June 30, 2013.
- **Medicaid** – For services incurred through December 31, 2012, the Hospital was reimbursed under a cost reimbursement methodology for inpatient acute and outpatient services rendered to beneficiaries who are not part of a Medicaid managed care network. The Hospital was reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and reviews thereof by the Kansas Department of Health and Environment. The Hospital was reimbursed on a prospective payment methodology for inpatient and outpatient services to beneficiaries who were part of a Medicaid managed care network. As of January 1, 2013, the Hospital is reimbursed under the State of Kansas KanCare program utilizing the Medicaid fee schedule plus a cost adjustment factor. Inpatient long-term care services are paid at prospectively determined per diem rates that are based on the patient's acuity.

Approximately 52% and 53% of net patient service revenue is from participation in the Medicare program for the years ended June 30, 2014 and 2013, respectively. Laws and regulations governing the Medicare program are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Hospital has also entered into payment agreements with certain commercial insurance carriers and other third-party payer programs. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and cost reimbursement.

3. CASH AND ASSETS WHOSE USE IS LIMITED

Cash and assets whose use is limited consisted of the following:

3. CASH AND ASSETS WHOSE USE IS LIMITED (continued)

	June 30,	
	2014	2013
Unrestricted:		
Cash on hand	\$ 590	\$ 590
Demand deposit accounts	1,521,902	2,485,208
Money market accounts	1,065,172	1,163,798
Savings accounts	<u>1,136,885</u>	<u>1,135,798</u>
	<u>3,724,549</u>	<u>4,785,394</u>
Assets whose use is limited:		
Cash on hand	1,130	2,630
Money market accounts	<u>15,724</u>	<u>27,069</u>
	<u>16,854</u>	<u>29,699</u>
	<u>\$ 3,741,403</u>	<u>\$ 4,815,093</u>

Assets whose use is limited are restricted for the following purposes:

	June 30,	
	2014	2013
Emergency medical services	\$ 8,569	\$ 6,668
Indigent care	8,285	16,031
Other	<u>—</u>	<u>7,000</u>
	<u>\$ 16,854</u>	<u>\$ 29,699</u>

Assets released from restrictions were as follows:

	Year ended June 30,	
	2014	2013
Emergency medical services	\$ 7,306	\$ 13,192
Hospital services and equipment	7,000	50,094
Indigent care	<u>19,735</u>	<u>7,189</u>
	<u>\$ 34,041</u>	<u>\$ 70,475</u>

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Hospital's deposits may not be returned or the Hospital will not be able to recover collateral securities in the possession of an outside party. The Hospital's policy follows applicable State statutes and requires deposits to be 100% secured by collateral (pledged securities) valued at market, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. State statutes define the allowable pledged securities.

At June 30, 2014, the carrying amount of the Hospital's cash and investments on deposit was \$3,739,683 with the bank balances of such accounts being \$3,794,475. Of the bank balances, \$750,000 was secured by federal depository insurance and \$3,044,475 was covered by collateral held by the Hospital's custodial banks in joint custody in the name of the Hospital and its banks. The fair value of the pledged securities held by the Hospital's custodial banks was \$3,623,820 at June 30, 2014.

The remaining carrying amount of the Hospital's cash and investments at June 30, 2014 consisted of cash on hand of \$1,720.

3. CASH AND ASSETS WHOSE USE IS LIMITED (continued)

Investment policies

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Hospital's investing activities are managed under the custody of the Hospital Chief Executive Officer. Investing is performed in accordance with investment policies adopted by the Board of Directors and in compliance with State statutes.

Applicable state statutes authorize the Hospital to invest in (1) temporary notes or no-fund warrants issued by the Hospital; (2) savings deposits, time deposits, open accounts or certificates of deposit or time certificates with maturities of not more than two years, in commercial banks, savings and loan associations and savings banks; (3) repurchase agreements with commercial banks, savings and loan associations and savings banks; (4) United States treasury bills or notes with maturities as the governing body shall determine, but not exceeding two years; and (5) the municipal investment pool maintained by the State Treasurer's office.

4. CONCENTRATIONS OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of gross accounts receivable from patients and third-party payors was as follows:

	June 30,	
	2014	2013
Medicare	39%	39%
Medicaid	4	8
Blue Cross	19	13
Commercial	10	10
Self pay	28	30
	<u>100%</u>	<u>100%</u>

5. EMPLOYEE HEALTH CLAIMS

Prior to October 1, 2013 all of the Hospital's employees and their dependents were eligible to participate in the Hospital's employee health, pharmacy and dental insurance plans. The Hospital was self-insured for health, pharmacy and dental claims of participating employees and dependents up to per participant annual aggregate amounts of \$8,500, \$5,000 and \$1,000 for health, pharmacy and dental, respectively. Commercial stop-loss insurance coverage was purchased for health claims in excess of the aggregate annual amount. A provision was accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual was estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors.

Activity in the Hospital's self-insured employee health claims liability during 2014 and 2013 is summarized as follows:

	Year ended June 30,	
	2014	2013
Balance, beginning of year	\$ 99,366	\$ 81,690
Current year claims incurred and changes in estimates for claims incurred in prior years:		
Employer portion	137,380	866,311
Employee portion	39,146	227,574
Claims and expenses paid	<u>(275,892)</u>	<u>(1,076,209)</u>
Balance, end of year	<u>\$ —</u>	<u>\$ 99,366</u>

5. EMPLOYEE HEALTH CLAIMS (continued)

Effective October 1, 2013, coverage for employee and their dependents were provided under a policy with a commercial insurance company.

6. EMPLOYEE RETIREMENT PLAN

The Hospital maintains a salary deferral retirement plan under Section 401(k) of the Internal Revenue Code. Under the plan, the Hospital is required to contribute three percent of eligible employees compensation for the plan year. The plan also authorizes a discretionary profit sharing contribution the amount of which is determined at the sole discretion of the Hospital's Board of Directors on an annual basis. Benefits vest after two years of service with 100% vesting after six years of service.

The total cost of the plan was \$422,290 and \$392,087 for 2014 and 2013, respectively.

7. CAPITAL ASSETS

Capital asset additions, disposals, and balances for the years ended June 30, 2014 and 2013 were as follows:

	Balance At June 30, 2013	Additions	Disposals	Transfers	Balance At June 30, 2014
Capital assets not being depreciated:					
Land	\$ 195,000	\$ —	\$ —	\$ —	\$ 195,000
Construction in progress	332,240	391,637		(102,331)	621,546
Total capital assets not being depreciated	527,240	391,637	—	(102,331)	816,546
Capital assets being depreciated:					
Land improvements	336,475	—	—	—	336,475
Buildings	11,275,756	26,314	—	—	11,302,070
Fixed equipment	11,402,492	—	—	—	11,402,492
Movable equipment	5,604,616	178,696	(45,360)	102,331	5,840,283
Total capital assets being depreciated	28,619,339	205,010	(45,360)	102,331	28,881,320
Less accumulated depreciation for:					
Land improvements	52,522	39,584	—	—	92,106
Buildings	817,683	557,940	—	—	1,375,623
Fixed equipment	950,764	731,166	—	—	1,681,930
Movable equipment	2,940,738	580,464	(44,843)	—	3,476,359
Total accumulated depreciation	4,761,707	1,909,154	(44,843)	—	6,626,018

7. CAPITAL ASSETS (continued)

	Balance At June 30, 2013	Additions	Disposals	Transfers	Balance At June 30, 2014
Total capital assets being depreciated, net	\$ 23,857,632	\$ (1,704,144)	\$ (517)	\$ —	\$ 22,255,302
Total capital assets, net	\$ 24,384,872	\$ (1,312,507)	\$ (517)	\$ —	\$ 23,071,848
	Balance At June 30, 2012	Additions	Disposals	Transfers	Balance At June 30, 2013
Capital assets not being depreciated:					
Land	\$ 195,000	\$ —	\$ —	\$ —	\$ 195,000
Construction in progress	—	332,240	—	—	332,240
Total capital assets not being depreciated	195,000	332,240	—	—	527,240
Capital assets being depreciated:					
Land improvements	336,475	—	—	—	336,475
Buildings	11,235,235	40,521	—	—	11,275,756
Fixed equipment	11,402,492	—	—	—	11,402,492
Movable equipment	5,221,774	382,842	—	—	5,604,616
Total capital assets being depreciated	28,195,976	423,363	—	—	28,619,339
Less accumulated depreciation for:					
Land improvements	10,296	42,226	—	—	52,522
Buildings	259,243	558,440	—	—	817,683
Fixed equipment	219,593	731,171	—	—	950,764
Movable equipment	2,379,168	561,570	—	—	2,940,738
Total accumulated depreciation	2,868,300	1,893,407	—	—	4,761,707
Total capital assets being depreciated, net	\$ 25,327,676	\$ (1,470,044)	\$ —	\$ —	\$ 23,857,632
Total capital assets, net	\$ 25,522,676	\$ (1,137,804)	\$ —	\$ —	\$ 24,384,872

8. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the Hospital is required to allow qualifying retirees to participate in the group health insurance plan. While each retiree is required to pay the full amount of the applicable premium, conceptually, the Hospital is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of the subsidy, if any, has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Hospital makes health care benefits available to eligible former employees and their eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid entirely by the insured and there is no cost to the Hospital under this plan.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

Generally Accepted Accounting Principles (GAAP) establishes a single authoritative definition of fair value, sets a framework for measuring fair value and requires additional disclosures about fair value measurements. Financial instruments that are measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

- Level 1 – Quoted market prices are available in active markets for identical instruments as of the reporting date.
- Level 2 – Pricing inputs are observable for the instruments, either directly or indirectly, as of the reporting date, but are other than quoted prices in active markets as in Level 1.
- Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument.

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments:

Cash and cash equivalents – The carrying amounts reported in the balance sheet for cash and cash equivalents approximates its fair value.

Accounts receivable – The carrying amounts reported in the balance sheet for accounts receivable approximates fair value because of the short-term nature of those instruments.

Estimated third-party payor settlements – The carrying amounts reported in the balance sheet for estimated third-party payor settlements approximates fair value because of the short-term nature of those instruments.

Accounts and other payables – The carrying amounts reported in the balance sheet for accounts and other payables approximates its fair value.

Long-term debt – The fair value of the Hospital's long-term debt is estimated using discounted cash flow analyses, based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements.

The carrying amounts and fair value of the Hospital's financial instruments at June 30, 2014 and 2013 are as follows:

9. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	June 30, 2014		June 30, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 3,741,403	\$ 3,741,403	\$ 4,815,093	\$ 4,815,093
Accounts and other receivables	4,055,326	4,055,326	2,806,665	2,806,665
Estimated third-party payor settlements	938,400	938,400	843,196	843,196
Accounts and other payables	1,989,556	1,989,556	1,565,314	1,565,314

10. NEW FACILITY PROJECT

In September 2009, the voters of Scott County, Kansas approved the issuance of general obligation bonds to construct, furnish, and equip a new hospital facility. The bonds are secured by and payable from ad valorem taxes and in part from the receipts derived from a one percent County healthcare services retailer's sales tax.

Construction for the project began in 2010 and was completed in April 2012. As capital expenditures were made by the County for the project, they were contributed to and capitalized by the Hospital as construction in progress. When the project was complete and placed in service, the construction in progress amounts were reclassified to appropriate building and equipment accounts of the Hospital and are being depreciated over their estimated useful lives.

ADDITIONAL INFORMATION

SCOTT COUNTY HOSPITAL, INC.

PATIENT SERVICE REVENUE

	Year ended June 30,					
	2014				2013	
	Inpatient	Outpatient	Swing Bed	Total	Total	
Routine service	\$ 1,214,835	\$ 536,908	\$ 1,056,158	\$ 2,807,901	\$ 2,799,873	
Nursery	103,395	—	—	103,395	77,837	
Operating room	283,604	1,108,929	11,397	1,403,930	1,543,539	
Delivery room	89,672	—	—	89,672	53,323	
Anesthesiology	127,378	392,690	6,698	526,766	466,275	
Radiology	44,531	485,456	17,480	547,467	524,604	
MRI	25,156	430,839	2,602	458,597	439,482	
CT scan	169,764	1,391,498	19,526	1,580,788	1,296,258	
Mammography	—	128,161	—	128,161	114,754	
Dexascan	—	45,098	—	45,098	33,445	
Nuclear medicine	1,300	361,571	801	363,672	313,116	
Ultrasound	13,454	337,282	2,415	353,151	344,093	
Sleep study	—	144,200	—	144,200	—	
Laboratory	359,289	2,829,986	159,542	3,348,817	3,045,925	
Blood administration	46,815	31,013	2,285	80,113	73,179	
Respiratory therapy	369,099	91,928	415,918	876,945	918,988	
Physical therapy	37,555	659,749	157,132	854,436	683,561	
Occupational therapy	21,209	92,866	88,508	202,583	186,186	
Speech therapy	745	861	3,792	5,398	21,491	
Electrocardiology	105,189	689,516	18,886	813,591	768,577	
Medical supplies	243,184	363,553	111,392	718,129	709,794	
Pharmacy	589,289	1,400,346	583,857	2,573,492	2,361,603	
Treatment room	5,116	475,104	—	480,220	386,867	
Specialty clinics	1,073	414,776	2,496	418,345	333,113	
Emergency room	44,103	794,651	—	838,754	706,427	
Clinic	5,646	3,231,227	—	3,236,873	3,406,125	
Cardiac rehabilitation	—	166,962	—	166,962	167,649	
Durable medical equipment	—	273,309	—	273,309	225,712	
Home health	516	81,562	680	82,758	147,252	
Ambulance	26,992	181,264	1,690	209,946	216,523	
	<u>\$ 3,928,909</u>	<u>\$ 17,141,305</u>	<u>\$ 2,663,255</u>	23,733,469	22,365,571	
Contractual adjustments				(6,464,676)	(6,354,860)	
Charity care				(107,650)	(59,278)	
Bad debts				<u>(744,574)</u>	<u>(618,309)</u>	
Net patient service revenue				<u>\$ 16,416,569</u>	<u>\$ 15,333,124</u>	

SCOTT COUNTY HOSPITAL, INC.
OPERATING EXPENSES BY FUNCTIONAL DIVISION

	Year ended June 30, 2014					
	Salaries	Employee Benefits	Supplies and other	Depreciation	Total	% of total operating expenses
Routine services:						
Acute and swing bed	\$ 1,278,196	\$ 279,427	\$ 379,561	\$ 76,367	\$ 2,013,551	10.80%
Nursery	7,687	1,073	4,932	676	14,368	.08
Total routine services	<u>1,285,883</u>	<u>280,500</u>	<u>384,493</u>	<u>77,043</u>	<u>2,027,919</u>	<u>10.88</u>
Ancillary services:						
Operating room	335,319	104,260	136,257	143,944	719,780	3.86
Delivery room	38,274	3,525	9,800	6,303	57,902	.31
Anesthesia	613,712	110,112	45,964	24,888	794,676	4.26
Radiology	189,279	42,963	43,920	76,464	352,626	1.89
MRI	1,202	1	92,641	-	93,844	.50
CT scan	56,014	2,666	103,724	947	163,351	.88
Mammography	28,552	440	19,531	-	48,523	.26
Dexascan	3,642	99	1,600	-	5,341	.03
Sleep study	37,802	4,074	40,802	5,102	87,780	.47
Nuclear medicine	27,545	1,863	125,277	-	154,685	.83
Ultrasound	28,666	2,801	9,418	20,331	61,216	.33
Laboratory	351,573	85,770	451,152	54,181	942,676	5.06
Blood administration	2,724	333	32,041	-	35,098	.19
Respiratory therapy	209,923	40,411	19,113	6,430	275,877	1.48
Physical therapy	269,002	61,389	15,545	681	346,617	1.86
Occupational therapy	64,767	9,088	27,588	-	101,443	.54
Speech therapy	-	-	5,244	-	5,244	.03
Electrocardiology	55,473	15,302	713	1,941	73,429	.39
Medical supplies	67,245	23,632	178,031	1,307	270,215	1.45
Pharmacy	95,886	12,014	982,168	20,973	1,111,041	5.96
Treatment room	154,809	47,150	21,264	134	223,357	1.20
Specialty clinics	35,836	6,024	30,798	1,013	73,671	.40
Emergency room	287,161	56,608	94,376	6,366	444,511	2.38
Clinic	2,676,835	521,655	301,466	54,146	3,554,102	19.06
Cardiac rehabilitation	40,898	8,589	2,243	8,933	60,663	.33
Durable medical equipment	87,041	21,907	137,975	292	247,215	1.33
Home health	71,107	18,803	9,446	-	99,356	.53
Ambulance	142,267	22,866	32,436	1,852	199,421	1.07
Total ancillary services	<u>5,972,554</u>	<u>1,224,345</u>	<u>2,970,533</u>	<u>436,228</u>	<u>10,603,660</u>	<u>56.88</u>
General services:						
Nursing administration	129,527	28,689	6,719	-	164,935	.88
Operation of plant	113,685	33,338	506,035	1,733	654,791	3.51
Laundry	53,097	18,279	8,421	2,725	82,522	.44
Housekeeping	169,591	41,148	37,190	-	247,929	1.33
Nutritional services	209,307	59,941	205,154	3,102	477,504	2.56
Health information	360,159	110,504	94,018	7,230	571,911	3.07
Administration and general	1,048,721	240,243	757,067	52,237	2,098,268	11.25
Employee benefits	124,286	144,041	117,334	163	385,824	2.07
Depreciation-fixed equipment and buildings	-	-	-	1,328,693	1,328,693	7.13
Total general services	<u>2,208,373</u>	<u>676,183</u>	<u>1,731,938</u>	<u>1,395,883</u>	<u>6,012,377</u>	<u>32.24</u>
Total expenses	<u>\$ 9,466,810</u>	<u>\$ 2,181,028</u>	<u>\$ 5,086,964</u>	<u>\$ 1,909,154</u>	<u>\$ 18,643,956</u>	<u>100.00%</u>

	Year ended June 30, 2013					
	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Supplies and other</u>	<u>Deprec- iation</u>	<u>Total</u>	<u>% of total operating expenses</u>
Routine services:						
Acute and swing bed	\$ 1,337,130	\$ 331,127	\$ 141,154	\$ 76,451	\$ 1,885,862	11.36%
Nursery	<u>6,570</u>	<u>275</u>	<u>8,320</u>	<u>696</u>	<u>15,861</u>	<u>.10</u>
Total routine services	<u>1,343,700</u>	<u>331,402</u>	<u>149,474</u>	<u>77,147</u>	<u>1,901,723</u>	<u>11.46</u>
Ancillary services:						
Operating room	305,616	83,101	247,319	144,815	780,851	4.70
Delivery room	16,295	505	2,098	3,047	21,945	.13
Anesthesia	450,243	95,858	10,436	14,237	570,774	3.44
Radiology	192,008	49,773	32,528	115,178	389,487	2.35
MRI	744	—	104,855	—	105,599	.64
CT scan	45,933	875	104,320	3,391	154,519	.93
Mammography	26,535	390	8,168	1,391	36,484	.22
Dexascan	2,779	41	101	—	2,921	.02
Sleep study	—	—	—	—	—	.00
Nuclear medicine	23,859	590	121,462	—	145,911	.88
Ultrasound	28,509	1,671	19,003	7,034	56,217	.34
Laboratory	289,155	64,385	413,702	56,317	823,559	4.96
Blood administration	3,854	272	37,110	—	41,236	.25
Respiratory therapy	186,599	64,578	12,710	3,911	267,798	1.61
Physical therapy	219,362	48,241	18,513	681	286,797	1.73
Occupational therapy	64,136	9,887	26,498	—	100,521	.61
Speech therapy	—	—	12,769	—	12,769	.08
Electrocardiology	53,814	18,475	—	1,941	74,230	.45
Medical supplies	63,777	25,594	164,309	1,307	254,987	1.54
Pharmacy	81,697	11,570	713,813	20,973	828,053	4.99
Treatment room	149,732	30,076	8,520	134	188,462	1.13
Specialty clinics	14,546	1,724	21,967	1,013	39,250	.24
Emergency room	217,169	34,434	277,350	6,412	535,365	3.22
Clinic	2,096,830	419,427	262,540	8,101	2,786,898	16.78
Cardiac rehabilitation	42,647	7,995	9,889	8,933	69,464	.42
Durable medical equipment	90,561	15,039	110,407	305	216,312	1.30
Home health	78,977	18,997	10,180	—	108,154	.65
Ambulance	<u>140,414</u>	<u>20,091</u>	<u>44,071</u>	<u>2,966</u>	<u>207,542</u>	<u>1.25</u>
Total ancillary services	<u>4,885,791</u>	<u>1,023,589</u>	<u>2,794,638</u>	<u>402,087</u>	<u>9,106,105</u>	<u>54.86</u>
General services:						
Nursing administration	130,397	33,862	38,112	—	202,371	1.22
Operation of plant	114,476	44,666	405,170	3,458	567,770	3.42
Laundry	50,455	9,913	10,470	3,079	73,917	.45
Housekeeping	172,133	41,271	35,005	—	248,409	1.50
Nutritional services	205,325	55,142	195,336	3,102	458,905	2.76
Health information	339,891	77,450	76,769	7,230	501,340	3.02
Administration and general	895,075	215,368	702,490	65,305	1,878,238	11.26
Employee benefits	81,267	112,786	142,839	163	337,055	2.03
Depreciation-fixed equipment and buildings	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,331,836</u>	<u>1,331,836</u>	<u>8.02</u>
Total general services	<u>1,989,019</u>	<u>590,458</u>	<u>1,606,191</u>	<u>1,414,173</u>	<u>5,599,841</u>	<u>33.68</u>
Total expenses	<u>\$ 8,218,510</u>	<u>\$ 1,945,449</u>	<u>\$ 4,550,303</u>	<u>\$ 1,893,407</u>	<u>\$ 16,607,669</u>	<u>100.00%</u>